

[REDACTED]

[REDACTED]

[REDACTED] (Not Toll Free)

[REDACTED]

APR 11 1983

Dear Applicant:

We have considered your application for exemption from Federal Income Tax as a social club described in section 501(c)(7) of the Internal Revenue Code.

From documents submitted, we observed that you were incorporated as an [REDACTED] non-profit corporation on [REDACTED]. Your Articles of Incorporation state that you were formed "to establish, maintain and operate a camp club for the welfare of its members, including the ownership, maintenance and operation of tennis courts, swimming pool and other recreational facilities; to enforce the reservations and restrictions applicable to [REDACTED] in [REDACTED] Township, [REDACTED] County, [REDACTED], and to do any and all things necessary or incident thereto."

Your organization provides security to the camp grounds in the form of "gate guards" who monitor individuals/vehicles gaining access onto the location. This security precaution encompasses the common areas as well as extending to actual lots owned by your members.

Trash dumpsters are provided by [REDACTED] and are maintained in the common areas for the benefit of the lot owners as well as being utilized by participants using the common areas. A sewer and water system along with the roadways within the camp grounds are also maintained by the organization for the benefit of the lot owners whom comprise the membership of the organization.

The Articles of Incorporation reflect that the organization has the power to enforce reservations and restrictions applicable to [REDACTED]. The Statement of Reservations, Restrictions, Taxes and Assessments, clause M, also reflects that the organization has the power to enforce reservations and restrictions.

CODE	INITIALS	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER
SUR NAME							
DATE							

DEPARTMENT OF THE TREASURY - INTERNAL REVENUE SERVICE - CORRESPONDENCE APPROVAL AND CLEARANCE

Section 501(c)(7) of the Internal Revenue Code exempts from Federal income tax "Clubs organized for pleasure, recreation and other nonprofitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder." Section 1.501(c)(7)-1(a) of the Internal Revenue Regulations provides in part that, "... The exemption provided by section 501(a) for organizations described in section 501(c)(7) applies only to clubs which are organized and operated exclusively for pleasure, recreation, and other nonprofitable purposes, but does not apply to any club if any part of its earnings inures to the benefit of any private shareholders. In general, this exemption extends to social and recreational clubs which are supported solely by membership fees, dues and assessments."

Revenue Ruling 75-494, 1975-2 C.B. 214 provides that a social club providing social and recreational facilities, whose membership is limited to homeowners of a housing development, will be precluded from qualifying for exemption under section 501(c)(7) of the Internal Revenue Code by owning and maintaining residential streets, enforcing restrictive covenants, or providing residential fire and police protection and trash collection service.

Based on the information submitted for recognition of tax exempt status, we have determined that you are not organized and operated exclusively for pleasure, recreation, and other similar non-profit purposes; therefore, we are unable to issue a favorable determination that you are exempt under the provisions of section 501(c)(7) of the Internal Revenue Code. Accordingly, you are required to file Federal income tax returns, Form 1120.

We have also determined that your organization does not qualify under any other sub-section of section 501(c) of the Internal Revenue Code.

If you are not in agreement with this determination, you may file a protest within 30 days from the date of this letter in accordance with the instructions contained in the enclosed Publication 892. If we do not hear from you within 30 days, this determination will become final.

A copy of Publication 588, Tax Information on Condominiums and Cooperative Apartments has been enclosed for your information.

Administrative actions.

				REVIEWER	REVIEWER	REVIEWER	REVIEWER
STAFF NAME							
DATE	5/10/83	3/10/83	4/11/83				
DEPARTMENT OF THE TREASURY - INTERNAL REVENUE SERVICE - CORRESPONDENCE APPROVAL AND CLEARANCE							